RECORD AND BRIEFS

Supreme Court, U
FILED
OCT 30 2017
OFFICE OF THE CLERK

No. 16-712

In the Supreme Court of the United States

OIL STATES ENERGY SERVICES, LLC, PETITIONER

v.

GREENE'S ENERGY GROUP, LLC, ET AL., RESPONDENTS

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR ARRIS GROUP, INC., ARM, INC., CHARTER COMMUNICATIONS, INC., COX COMMUNICATIONS, INC., HP INC., AND NETAPP, INC. AS *AMICI CURIAE* IN SUPPORT OF RESPONDENTS

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QUESTION PRESENTED

In the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) ("AIA"), Congress created inter partes review, an adversarial administrative proceeding in which the U.S. Patent and Trademark Office may reconsider the patentability of the claims in an issued patent. See 35 U.S.C. 311 *et seq.* The question presented is:

Whether, in authorizing an Executive Branch agency, rather than a court or jury, to invalidate a previously issued patent, Congress's provision for inter partes review comports with Article III and the Seventh Amendment.

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INTRODUCTION AND INTEREST OF *AMICI CURIAE*

Amici curiae are companies that find themselves on both sides of patent disputes. At times they seek to enforce their own patents, and at times they are accused of infringing the patents of others—often by non-practicing entities formed solely for the purpose of filing infringement actions and leveraging the cost of litigation to induce settlements.

Amici are therefore committed to a strong patent system—one in which the government can correct its mistakes in issuing patents that fail to satisfy the criteria for patentability. Such patents deprive the public of the ability to use technology that is already in the public domain or is obvious in light of that storehouse of knowledge. And "[i]t is as important to the public that competition should not be repressed by worthless patents, as that the patentee of a really valuable invention should be protected in his monopoly." *Pope Mfg. Co.* v. *Gormully*, 144 U.S. 224, 234 (1892). Government-issued patents that fail to satisfy the conditions for patentability undermine rather than "promote the Progress of Science and useful Arts." U.S. CONST. Art. I, § 8, Cl. 1. *Amici* therefore submit this brief in support of the constitutionality of the inter partes review proceedings created by the America Invents Act.

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* The parties consented to the filing of this brief. The letters of consent are on file with the Clerk. In accordance with Rule 37.6, *amici* state that no counsel for any party authored this brief in whole or in part, and that no person or entity, other than the *amicus*, has contributed monetarily to the preparation or submission of this brief.

Whether inter partes review is constitutional ultimately turns on whether patent rights are private rights akin to traditional property, which Congress cannot "withdraw from judicial cognizance" of the federal courts, or rather are public rights "susceptible of judicial determination, but which congress may or may not bring within the cognizance of the courts of the United States, as it may deem proper." *Murray's Lessee* v. *Hoboken Land & Improvement Co.*, 59 U.S. (18 How.) 272, 284 (1855); accord *Stern* v. *Marshall*, 564 U.S. 462, 488 (2011). *Amici* write to explain why, particularly in light of the perspective of the Founders, patents have different origins than traditional forms of real and personal property and are best understood as public or at least quasi-public rights.

For more than four centuries, patents have been treated differently from traditional property—first by the English Crown and later by Congress and the courts. Under English law, from which U.S. law springs, patents were both issued as a matter of the grace and favor of, and subject to revocation by, the sovereign. That understanding also prevailed in the early days of our Republic. As Thomas Jefferson put it, "the exclusive right to invention [w]as given not of natural right, but for the benefit of society." Letter from Thomas Jefferson to Isaac McPherson (Aug. 13, 1813), *in* 13 The Writings of Thomas Jefferson 333 (Andrew A. Lipscomb & Albert E. Bergh, eds. 1905).

Thus, although our Founders considered it "self-evident" that "all men * * * are endowed by their Creator with certain unalienable Rights" (The Declaration of Independence para. 2 (1776)), they did not believe that the right to patent an invention was among these "unalienable rights." Rather, the Founders distinguished between traditional property

rights—which were recognized under the common law as "natural rights," attributable to the human condition even in the "state of nature"—and rights such as patent rights, which came into being only after governments were instituted. As early decisions of this Court recognized, "[t]he [patent] monopoly did not exist at common law," but rather was "created by the act of Congress; and no rights can be acquired in it unless authorized by statute, and in the manner the statute prescribes." *Gayler* v. *Wilder*, 51 U.S. (10 How.) 477, 494 (1850).

In sum, the nature of patents and their origins in Anglo-American law confirm that they are bestowed on inventors—by the sovereign—in a manner categorically different than are "private rights" such as the rights of life, liberty, and traditional forms of property. This basic distinction explains why Congress is free to allow agencies to adjudicate the patent's validity. *Murray's Lessee*, 59 U.S. (18 How.) at 284.

STATEMENT

This case involves the constitutionality, under Article III and the Seventh Amendment, of allowing an Executive Branch agency, rather than a court or jury, to invalidate a previously issued patent.

In 2011, Congress established the Patent Trial and Appeal Board ("Board") and permitted third parties to request that the Board review the validity of existing patents through a proceeding called inter partes review. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) ("AIA"). Inter partes review thus provides a vehicle by which the Patent Office, in "a specialized agency proceeding" that is non-judicial but adversarial in nature, can assess allegations that one or more claims of an issued

patent are non-patentable. See *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2143 (2016).

Any party other than the patentee may file a petition requesting inter partes review. 35 U.S.C. § 311. If the Director of the Patent Office determines that "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition," then review may be instituted. *Id.* § 314(a). Once inter partes review has begun, the parties may take depositions and submit additional briefing and evidence on the instituted claims' patentability. *Id.* § 316 (requiring the Director to promulgate regulations governing the conduct of inter partes review); 37 C.F.R. §§ 42.1, *et seq.* (regulations for trials before the Board). The proceeding concludes with a "final written decision with respect to the patentability of any patent claim challenged by the petitioner." 35 U.S.C. § 318(a).

Any party aggrieved by the result reached by the Board may then appeal to the Federal Circuit. *Id.* § 319. The Federal Circuit reviews the factual findings of the Board for "substantial evidence." *Icon Health and Fitness, Inc.* v. *Strava, Inc.*, 849 F.3d 1034, 1041 (Fed. Cir. 2017). After any appeal has concluded, the Director "shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable," confirming claims that are patentable, or incorporating new or amended claims. 35 U.S.C. § 318(b).

Petitioner Oil States "owns a patent that covers apparatuses and methods of protecting wellhead equipment from the pressures and abrasion involved in the hydraulic fracturing of oil wells." Pet. 11. In 2012, Oil States filed an infringement suit against

respondent Greene's Energy Group, LLC. Greene's responded in part by filing a petition for inter partes review with the Board, which invalidated the challenged claims as anticipated over the prior art. Oil States appealed to the Federal Circuit, which summarily affirmed. This Court granted certiorari.

SUMMARY OF ARGUMENT

In our constitutional system, Congress may not "withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law, or in equity, or admiralty." *Murray's Lessee*, 59 U.S. (18 How.) at 284; accord *Stern*, 564 U.S. at 488. Yet "there are matters, involving public rights, * * * which are susceptible of judicial determination, but which congress may or may not bring within the cognizance of the courts of the United States, as it may deem proper." *Murray's Lessee*, 59 U.S. (18 How.) at 284; *Stern*, 564 U.S. at 488–489.

The question here is whether disputes over the validity of patents fall within the former or latter category. The answer to this question does not turn on the fact that, "[f]rom centuries before the Founding until centuries after, *courts* adjudicated patent-infringement and patent-validity disputes." Pet. 2 (emphasis added). Nor is it dispositive that "patent rights trace their lineage to similar rights that existed for centuries in England, where disputes about these rights were resolved in courts—either at law or before the Court of Chancery." *Id.* at 4. In fact, until 1753, patents were exclusively granted or rescinded by the King or his Privy Council, and not the common-law courts or chancery. See *infra* at 19–20.

More fundamentally, to the extent that such cases were decided by common-law courts or in chancery,

that detail is immaterial because, in the centuries before the Founding, both the common-law courts and chancery courts were arms of the executive branch; they were not considered an independent, third branch of government—which is a novelty of the late eighteenth century. See M.J.C. Vile, Constitutionalism and the Separation of Powers 31–34 (2d ed. 1998); Gordon S. Wood, The Creation of the American Republic: 1776–1787, at 453–454 (1998). And as to the first century after the Founding, although this Court's decision in *Murray's Lessee* confirmed that Congress *could* authorize Article III courts to hear disputes over public rights, it did not answer the question whether the validity of patents is amenable to adjudication in administrative bodies. The question here is primarily *what kind* of rights are patent rights—not *how* these rights happened to be decided before the advent of modern administrative agencies.

History nonetheless speaks to both questions. And although much is at stake for any private party granted a patent, history confirms that the patent right remains a public one. The grant of a patent by the U.S. government is a grant made on behalf of the public: the "disclosure" of an invention that advances science or the arts is "the quid pro quo of the right to exclude" the public from practicing the invention. *Kewanee Oil Co.* v. *Bicron Corp.*, 416 U.S. 470, 484 (1974). There should be little question that the public has a powerful interest in ensuring that only valid patents exclude it from practicing an invention, and that the agency representing the public has a strong interest in correcting any prior mistake in granting a patent whose disclosure does not in fact advance science or the useful arts. And there is little surprise that this Court has referred to patents as reflecting

state-backed "franchises" and "privileges." *E.g.*, *United States* v. *Masonite Corp.*, 316 U.S. 265, 280 (1942) ("patents are privileges restrictive of a free economy"); see *infra* at 16 (collecting cases).

The Founders recognized that inventors had no natural right to exclusive control over inventions. That is because, unlike traditional property rights—which could and did exist in the state of nature prior to any government—the existence of patent rights has always depended on the government. In colonial times, English patents were issued to subjects of the Crown as a matter of grace and favor, and were subject to revocation by the sovereign as well.

This Court has long recognized that the "benefit to the public or community at large" is the government's "primary object in granting" a patent. *Kendall* v. *Winsor*, 62 U.S. (21 How.) 322, 328 (1858); see also *Butterworth* v. *United States*, 112 U.S. 50 (1884) (patents are a "class of public and private rights" and the patent law is "a special branch of technical jurisprudence"). Put another way, U.S. patent law has long "recognized that the public interest comes first and reward to inventors second, and [it has] refused to let the self-interest of patentees come into the ascendency." *United States* v. *Lin Material Co.*, 333 U.S. 287, 316 (1948) (Douglas, J., concurring).

Because patent rights are distinct from traditional property rights, and are closely intertwined with the rights and interests of the public as a whole, Congress may enact laws permitting the Patent Office to adjudicate the validity of patents that the Patent Office has issued. Doing so offends neither Article III nor the Seventh Amendment.

ARGUMENT

I. English and American law both have long recognized that inventors have no natural right to exclusivity over their inventions, and that any right to such exclusivity is public in character.

A. Patent rights did not and could not exist in the state of nature.

History confirms the Founders' belief that patents for inventions were not granted because of any natural right to monopolize the fruits of human ingenuity, but rather as a matter of the sovereign's grace and as a way to benefit the public at large. As the Founders recognized, traditional property rights—as well as the rights to life, liberty, and the pursuit of happiness—existed prior to government in the state of nature and were retained upon entering civil society. See The Declaration of Independence para. 2 (1776); see also, *e.g.*, Va. Declaration of Rights § 1 (1776) ("That all men are by nature equally free and independent, and have certain inherent rights, of which, *when they enter into a state of society, they cannot, by any compact, deprive or divest their posterity*; namely, the enjoyment of life and liberty, with the means of acquiring and possessing property, and pursuing and obtaining happiness and safety.") (emphasis added). Blackstone defined the traditional right to private property as "the free use, enjoyment, and disposal of all [of one's] acquisitions," which "appertain and belong to particular men[] merely as individuals" and are not "incident to them as members of society." 1 William Blackstone, Commentaries on the Laws of England *123, 138 (1765).

Patent rights, by contrast, did not exist in the state of nature. A government-issued patent bars members of the *public* from exercising their own rights to an invention—something no inventor could do before entering civil society. Thus Thomas Jefferson—the principal author of the Declaration of Independence, "'the first administrator of our patent system'" (*Graham* v. *John Deere & Co.*, 383 U.S. 1, 7 (1966) (quoting P.J. Federico, *Operation of the Patent Act of 1790*, 18 J. PAT. OFF. SOC. 237, 238 (1936)), and the "author of the 1793 Patent Act" (*ibid.*)—explained that "the exclusive right to invention [w]as given not of natural right, but for the benefit of society." Letter from Thomas Jefferson to Isaac McPherson, *supra.*[1] Jefferson also lamented the "difficulty of drawing a line between the things which are worth to the public the embarrassment of an exclusive patent, and those which are not." *Ibid.*

As Jefferson's Attorney General explained, it was for these reasons that a patent was deemed a "privilege"—"a monopoly *in derogation of* common right." Levi Lincoln, *Patents for Inventions*, 1 Op. Att'y Gen. 110, 1802 WL 335 (1802) (emphasis added). Jefferson himself sounded a similar theme:

> If nature has made any one thing less susceptible than all others of exclusive property, it is the action of the thinking power called an idea, which an individual may exclusively possess as long as he keeps it to himself; but the mo-

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[1] This is not to say that Lockean arguments cannot be made in support of patent rights that the government confers upon inventors—only that such rights do not exist in the state of nature. See, *e.g.*, Justin Hughes, *The Philosophy of Intellectual Property*, 77 Geo. L.J. 287 (1988).

> ment it is divulged, it forces itself into the possession of every one, and the receiver cannot dispossess himself of it. Its peculiar character, too, is that no one possesses the less, because every other possesses the whole of it. He who receives an idea from me, receives instruction himself without lessening mine; as he who lights his taper at mine, receives light without darkening me.

Letter from Thomas Jefferson to Isaac McPherson, *supra*.

The idea that sharing the idea of an invention with others enlightens their understanding without "lessening" the inventor's is quite contrary to the traditional understanding of "property as a 'bundle of sticks'—a collection of individual rights"—whereby one person's use of the property typically diminishes another's. See *United States* v. *Craft*, 535 U.S. 274, 278 (2002) (citing B. Cardozo, Paradoxes of Legal Science 129 (1928) (reprint 2000)). Indeed, some ideas so fundamentally belong to the public that they cannot be patented. As the Court explained in *Mayo Collaborative Servs.* v. *Prometheus Labs., Inc.*, 566 U.S. 66, 71 (2012): "Einstein could not patent his celebrated law that $E=mc^2$; nor could Newton have patented the law of gravity. Such discoveries are 'manifestations of * * * nature, free to all men[.]'"

Under English law—the source from which United States patent law springs, see *Pennock* v. *Dialogue*, 27 U.S. (2 Pet.) 1, 18 (1829)—patents found their origins in laws crafted for the benefit of the public at large. As a leading early American treatise explained: "the patent systems both of England and America had their origin in those royal grants by

which monopolies in trade or manufacture were conferred on a few favored subjects of the British crown." 1 William Robinson, The Law of Patents for Useful Inventions 1 (1890). There was no patent monopoly in the state of nature, and no common-law right to a patent. Rather, a patent was understood as "a franchise created by the Government, and vesting in an individual or corporation the exclusive privilege of practising a certain art, or of making, using, or selling a certain article, which, but for such monopoly, all other individuals and corporations would be at liberty to practise, or to make and use and sell." *Ibid.*

The early English statutes confirmed the public nature of patent rights. The Statute of Monopolies was enacted not to confirm or strengthen a common-law right, but rather to curb "abuses of the royal prerogative in the grant of letters patent." Thomas A. Hill, *Origin and Development of Letters Patent for Invention*, 6 J. Pat. Off. Soc. 405, 405 (1924) (noting that the Statute of Monopolies "marks the first successful attempt" of this nature). The Statute of Monopolies was intended to ensure that patent monopolies were conferred only on acts of invention. *Id.* at 419; see also Abraham Lincoln, Second Lecture on Discoveries and Inventions, *in* 3 The Collected Works of Abraham Lincoln 356, 363 (R.P. Basler ed., 1953) ("the inventor had no special advantage from his own invention" before the Statute of Monopolies).

Following the English lead, U.S. patent law is designed to benefit the public at large by spurring innovation and the public disclosure of such innovation. *Kewanee Oil*, 416 U.S. at 480. As the Court explained in *Gayler*, "[t]he [patent] monopoly did not exist at common law, and the rights, therefore, which may be exercised under it cannot be regulated by the rules of

the common law. It is created by the act of Congress; and no rights can be acquired in it unless authorized by statute, and in the manner the statute prescribes." 51 U.S. (10 How.) at 494; see also *Wheaton* v. *Peters*, 33 U.S. (8 Pet.) 591, 661 (1834) ("[T]he word *secure*, as used in the constitution, could not mean the protection of an acknowledged legal right. It refers to inventors, as well as authors, and it has never been pretended by any one, either in this country or in England, that an inventor has a perpetual right, at common law, to sell the thing invented."). Put another way, "[p]atent property is the creature of statute law and its incidents are equally so and depend upon the construction to be given to the statutes creating it and them, in view of the policy of Congress in their enactment." *Crown Die & Tool Co.* v. *Nye Tool & Mach. Works*, 261 U.S. 24, 40 (1923).

As Justice Thomas has explained, "[i]nvention patents originated not as private property rights, but as royal prerogatives. They could be issued and revoked only by the Crown, * * *. [E]ven under the regime that Parliament put in place [through the Statute of Monopolies], patents remained sovereign grants, issued, enforced, and revoked by the Privy Council." *Teva Pharm. USA, Inc.* v. *Sandoz, Inc.*, 135 S. Ct. 831, 847 (2015) (Thomas, J., dissenting) (citing 4 W. Holdsworth, A History of English Law 344–347, 350–351 (1924); Mark Lemley, *Why Do Juries Decide if Patents are Valid?*, 99 Va. L. Rev. 1673, 1681 (2013)). And "[t]he Framers adopted a similar scheme." *Teva*, 135 S. Ct. at 847.

In sum, patent rights are different in kind from the traditional rights to life, liberty, and property that existed in the state of nature prior to all government. And for centuries, both English and Ameri-

can law have recognized that "[t]he exclusive right to use an invention after it is published, can only have existence * * * by virtue of some positive law, which is made with the actual or implied consent of the whole community." See W.M. Hindmarch, A Treatise on the Law Relative to Patent Privileges for the Sole Use of Inventions: And the Practice of Obtaining Letters Patent for Inventions 1, 1 (1847).

B. Patent grants implicate the public interest and the public's rights.

The Founders held not only to the view that there was no natural right to exclude others from using an invention, but also to an important corollary: The limited monopoly conferred by a patent deprives the public of natural rights to use inventions that were considered to be placed in the public domain by their publication. As Jefferson explained, ideas were not subject to exclusive possession in the state of nature, and thus may be exclusively possessed only "as long as [one] keeps it to himself; but the moment it is divulged, it forces itself into the possession of every one, and the receiver cannot dispossess himself of it." Letter from Thomas Jefferson to Isaac McPherson, *supra*. The impact that a patent has on the public is recognized by both the English and American patent systems. This impact was recognized by the Founders and, from the outset, has been a vital part of this Court's patent jurisprudence.

When the English crown granted a patent, it restricted the rights of the public. "[T]he practical effect of Letters-patent" under English law was "to impose a considerable restraint upon the public[]—nothing but principles of justice or public policy can justify the crown, as the stewart [sic] of public rights,

in sanctioning such privileges as those awarded to patentees." John Croyton, A Treatise on the Letters-Patent for the Sole Use of Inventions in The United Kingdom of Great Britain and Ireland 37 (1855). The grant of a patent "is that of the exclusive enjoyment of a trade, secured by the indirect operation of letters-patent restraining all others from doing what, but for such restriction, they would be entitled to do equally with the patentee." *Id.* at 49.

Patents are no different under U.S. law. "The patent has been defined as a 'private claim on the public domain.'" Walton Hamilton & Irene Till, *What is a Patent?*, 13 Law & Contemp. Probs. 245, 248 (1948). The public's role in the patent grant was also recognized by James Madison. As he explained in a letter to Jefferson, monopolies granted for literature and inventions "are sacrifices of the many to the few." Letter from James Madison to Thomas Jefferson (Oct. 17, 1788), *in* 14 The Papers of Thomas Jefferson 21 (J.P. Boyd ed. 1956).

American law has therefore long recognized that patent rights implicate the public's rights and interests. For example, this Court's cases recognize that the public has a right to ensure that only valid patents obtain the government's imprimatur. Patents at issue in disputes between private parties "[c]learly * * * concern[] far more than the interests of the adverse parties." *Precision Instrument Mfg. Co.* v. *Auto. Maint. Mach. Co.*, 324 U.S. 806, 815 (1945). That is because "[t]he possession and assertion of patent rights are 'issues of great moment to the public.'" *Ibid.* (quoting *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.*, 322 U.S. 238, 246 (1944)). Indeed, as the Court in *Precision Instrument* went on to explain, the public has a "paramount interest" in ensuring that

only valid patents interfere with its ability to practice inventions in an otherwise-free market:

> A patent by its very nature is affected with a public interest. As recognized by the Constitution, it is a special privilege designed to serve the public purpose of promoting the "Progress of Science and useful Arts." At the same time, a patent is an exception to the general rule against monopolies and to the right to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope.

Ibid. The Court has articulated these principles in numerous other cases. *E.g.*, *Lear, Inc.* v. *Adkins*, 395 U.S. 653, 674 n.19 (1969) (noting the "public's interest in the elimination of specious patents"); *United States* v. *Paramount Pictures, Inc.*, 334 U.S. 131, 158 (1948) ("The copyright law, like the patent statutes, makes reward to the owner a secondary consideration."); *Pope Mfg.*, 144 U.S. at 234 (noting that "importan[ce] to the public that competition should not be repressed by worthless patents"); *Kendall*, 62 U.S. (21 How.) at 328 (calling the "benefit to the public or community at large" the "primary object in granting" a patent); see also *Lin Material*, 333 U.S. at 316 (Douglas, J., concurring) ("The Court * * * has generally been faithful to the standard of the Constitution, has recognized that the public interest comes first and reward to inventors second, and has

refused to let the self-interest of patentees come into the ascendency.").

In a similar vein, the Court has repeatedly referred to the patent as a "franchise" or "privilege." See *Bloomer* v. *McQuewan*, 55 U.S. (14 How.) 539, 549 (1852) ("[t]he franchise which the patent grants"); *Bloomer* v. *Millinger*, 68 U.S. (1 Wall.) 340, 343 (1863) ("[p]urchasers of the exclusive privilege of making or vending the patented machine in a specified place, hold a portion of the franchise which the patent confers"); *Mitchell* v. *Hawley*, 83 U.S. (16 Wall.) 544, 548 (1872) (same); *Boesch* v. *Graff*, 133 U.S. 697, 702 (1890) (a purchaser of a patented product does not "derive title to [that product] by virtue of the franchise or exclusive privilege granted to the patentee"); *United States* v. *Masonite Corp.*, 316 U.S. 265, 280 (1942) ("patents are privileges restrictive of a free economy"). In short, "[t]he patent is a privilege. But it is a privilege which is conditioned by a public purpose." *Mercoid Corp.* v. *Mid-Continent Inv. Co.*, 320 U.S. 661, 665 (1944); see also *Blonder-Tongue Labs., Inc.* v. *Univ. of Illinois Found.*, 402 U.S. 313, 344 (1971). Thus, while patentees have powerful legally enforceable rights in patents issued in accordance with the requirements of patentability, "the public has rights also." *Densmore* v. *Scofield*, 102 U.S. 375, 378 (1880).

First, in the case of land grants the federal government was the prior owner of the property being transferred by the grant of a land patent. When the government issues letters patent, by contrast, "[n]othing is granted which belonged before to the United States * * *. The rights and remedies of the parties are dependent solely on the statut[ory] enactments, and do not grow out of any previous

ownership of the supposed subject of the grant, as in the case of a conveyance of lands." *Attorney Gen.* v. *Rumford Chem. Works*, 32 F. 608, 622–23 (C.C. D. R.I. 1876). Stated simply, the prior rights to use of the invention are vested in the public at large. Perhaps that is why Congress, in the first two Patent Acts, permitted the United States to sue to invalidate a patent *on behalf of the public*. See 2 William Robinson, The Law of Patents for Useful Inventions 467–468 (1890).

Second, the public interest in grants of patents distinguishes them from grants of land. The Lockean construct favored by the Founders contemplated that one could exclusively possess land in the "state of nature" by "mixing" one's labor with it—and thus that the government, even after coming into being, did not create the inherent monopoly that an owner acquires over the land's intrinsic value. See John Locke, The Second Treatise of Government § 32, *in* Locke, Two Treatises of Government 290–291 (Peter Laslett ed., 1988) (1690). There is no comparable intrinsic monopoly on the value of an idea disclosed to the public. As economic and legal theorists have explained, the distinguishing characteristic of the patent right—as compared to, say, the rights in a trade secret—is that the value of the patent is attributable only to the government-granted monopoly and would otherwise vanish with the act of disclosure. See, *e.g.*, Richard Posner & William Landes, The Economic Structure of Intellectual Property Law 4, 415 (2003).

That is why the "quid pro quo" for a patent is the "disclosure" of an invention that advances science or the useful arts. *Kewanee Oil*, 416 U.S. at 484. The "right to exclude" the public from practicing the

covered invention for a limited time is created by the government and tailored to government-defined conditions of validity. *Ibid.* The bargain is a bargain with the public, and the legitimacy and scope of the granted right is therefore measured not by the asset's preexisting and intrinsic value, but by the benefit conferred on the public if the government recognizes exclusive ownership. In this way too, patents are different from land and other traditional property, which are finite, scarce, unique, and can be occupied or possessed. Contrary to the idea of being unique and scarce in the way that real property is, "the field of ideas seems to expand with use." Hughes, *supra*, 77 Geo. L.J. at 315.

Furthermore, as Justice Thomas has explained, "[b]ecause they are governmental dispositions and provide rules that bind the public at large, patent claims resemble statutes." *Teva*, 135 S. Ct. at 847. Thus, "[t]he scope of a patent holder's monopoly right is defined by claims legally actualized through the procedures established by Congress pursuant to its patent power." *Ibid.* And as this Court has observed, inter partes review is nothing more than a proceeding for the agency "to reexamine an earlier agency decision." *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2144 (2016). Thus, "in addition to helping resolve concrete patent-related disputes among parties, inter partes review helps protect the public's 'paramount interest in seeing that patent monopolies * * * are kept within their legitimate scope.'" *Ibid.* (quoting *Precision Instrument Mfg.*, 324 U.S. at 816).

In sum, because patents directly implicate the public's interests and rights, rights in patents have been treated differently from other property rights

since well before the founding of our nation—and they have continued to be so treated afterwards.

II. Because patent rights are public rights, the validity of patents need not be adjudicated in Article III courts or by a jury.

As we have explained, Congress may not "withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law, or in equity, or admiralty." *Murray's Lessee*, 59 U.S. (18 How.) at 284; accord *Stern*, 564 U.S. at 488. "[T]here are matters, involving public rights," however, "which are susceptible of judicial determination, but which congress may or may not bring within the cognizance of the courts of the United States, as it may deem proper." *Murray's Lessee*, 59 U.S. (18 How.) at 284; *Stern*, 564 U.S. at 488–489.

To resolve this dispute, therefore, it is not enough to say that "[f]rom centuries before the Founding until centuries after, courts adjudicated * * * patent-validity disputes." Pet. 2. Nor is it enough to say that "patent rights trace their lineage to similar rights that existed for centuries in England, where disputes about these rights were resolved in courts—either at law or before the Court of Chancery." Pet. 4. The question is whether patent rights are *public* rights, and *where* such rights were historically adjudicated does not fully answer that question.

In the first place, in the 1500s and 1600s and even after the enactment of the Statute of Monopolies, most patents were invalidated only by the King himself or his Privy Council. As Professor Lemley explains:

> Consistent with the idea that patents were royal grants of privilege, only the King had the

> power to revoke a patent during this period. Neither Parliament nor the courts could do so. That remained true even after the enactment of the Statute of Monopolies. Most of the decisions regarding patents after 1624 were actually made not by the King himself but by the Privy Council, a body of the King's advisors who had the power both to enforce patents and to revoke a royal patent for "inconveniency." "Inconveniency" included both issues of public policy—abuse of the patent and failure to work it—and some of what we would think of today as patent validity questions—novelty of invention and prior invention by another.

Lemley, *supra*, 99 Va. L. Rev. at 1681. It was only in 1753 that the courts were first vested with concurrent jurisdiction to invalidate patents. *Id.* at 1683–1684. But since "[t]he grant of a patent [was] a matter of grace and favor," the Crown was able to "determine any illegal grant which may be unadvisedly made, without allowing the public to be put to the trouble or cost of resisting the unlawful patent." Hindmarch, *supra*, at 264.

More fundamentally, even if common-law or chancery courts did decide questions of patent rights, one must remember that, in the centuries before the Founding, the common-law and chancery courts were arms of the executive branch and not an independent, third branch of government—a concept first developed in the late eighteenth century. As M.J.C. Vile has written, "[a]lthough * * * the roots of the idea of a judicial 'power' distinct from the executive go a long way back into seventeenth-century England, nevertheless the dominant view of the division of government functions remained a twofold division into 'leg-

islative' and 'executive.'" Vile, Constitutionalism and the Separation of Powers 31–34 (2d ed. 1998).

Vile goes on to conclude that "[t]he modern notion of an executive power distinct from the machinery of law enforcement through the courts, could hardly be envisaged in an age when almost the only impact of government upon the ordinary citizen was through the courts and the law-enforcement officers. The 'executive power' meant, then, either the function of administering justice under the law, or the machinery by which the law was put into effect." *Ibid.* Similarly, Gordon Wood has written that, "[a]t the time of Independence, with the constitution-makers absorbed in the problems of curtailing gubernatorial authority and establishing legislative supremacy the judiciary had been virtually ignored or considered to be but an adjunct of feared magisterial power." Wood, *supra*, at 453–454.

As for the first century after the Founding, *Murray's Lessee* acknowledged that Congress *could* vest Article III courts with the power to hear disputes over public rights. But again, that does not answer the question whether patents are or are not such rights amenable to adjudication in administrative bodies.[2]

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[2] Before the twentieth century, administrative agencies were rare. But that does not mean that, had there been such agencies, it would have been improper for Congress to grant them adjudicatory authority over patent rights. Cf. Cass Sunstein, *Beyond* Marbury: *The Executive's Power to Say What the Law Is*, 115 Yale L.J. 2580, 2583 (2006) (concluding that "the most important institutional development of the twentieth century[]" was "the shift from regulation through common law courts to regulation

The question here is *what kind* of rights are patent rights—and in particular whether they are private or public rights—not *how* these rights happened to be decided before the advent of modern administrative agencies. As we have shown (at 8–18), patents are indisputably public rights, or at least inseparable from their public-rights elements. They are privileges or franchises granted by the sovereign for the benefit of the public at large. It follows that they can be adjudicated in non-Article III tribunals.

Not only is the public's interest implicated in the grant of public rights, but society has a particular interest in according private rights additional protections. As Professor Caleb Nelson has written, although "[o]wners of traditional forms of property obviously depend upon government and the legal process to safeguard their private rights," "the relationship between the individual and the state" is different when it comes to public rights. Caleb Nelson, *Adjudication in the Political Branches*, 107 Colum. L. Rev. 559, 623 (2007). If our society values "individual independence from the state," then "traditional forms of property may well play a role" that other forms of property cannot—and it is "perfectly logical for our constitutional system to provide heightened judicial protection for traditional forms of property." *Ibid.*

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through administrative agencies"). That is also why *McCormick Harvesting Mach. Co.* v. *C. Aultman & Co.*, 169 U.S. 606 (1898), is inapposite. There, the Court held that as a matter of then-existing patent statutes, an examiner could not cancel the claim of an original patent in a later proceeding for reissuance. The Court did not purport to address the requirements of Article III—i.e., whether Congress *could* have established an administrative body to make such cancellations.

In other words, there is good reason for the distinction between private and public rights. And patent rights, which did not preexist government, fall within the latter category—within that category of cases "which congress may *or may not* bring within the cognizance of the courts of the United States, as it may deem proper." *Murray's Lessee*, 59 U.S. (18 How.) at 284 (emphasis added). As the Court explained in *Stern* v. *Marshall*, summarizing the seminal case of *Northern Pipeline Construction Co.* v. *Marathon Pipe Line Co.*, 458 U.S. 50 (1982): "The plurality in *Northern Pipeline* recognized that there was a category of cases involving 'public rights' that Congress could constitutionally assign to 'legislative' courts for resolution." *Stern*, 564 U.S. at 485. The Court went on to explain that its "[s]ubsequent decisions * * * contrasted cases within the reach of the public rights exception—those arising 'between the Government and persons subject to its authority in connection with the performance of the constitutional functions of the executive or legislative departments'—and those that were instead matters 'of private right, that is, of the liability of one individual to another under the law as defined.'" *Id.* at 489 (citations omitted).

The Court has continued to define "public rights" cases as those where the "claim at issue derives from a federal regulatory scheme, or in which resolution of the claim by an expert government agency is deemed essential to a limited regulatory objective within the agency's authority" (*id.* at 490 (citations omitted)), as opposed to those claims that are "quintessentially suits at common law" (*id.* at 492 (citations omitted)). The former "historically could have been determined exclusively by" the political branches and "depend on

the will of congress." *Id.* at 493 (citations and alteration omitted).

Patent rights fall within this category. They involve "a situation in which Congress devised an expert and inexpensive method for dealing with a class of questions of fact which are particularly suited to examination and determination by an administrative agency specially assigned to that task." *Id.* at 494 (internal citation and quotations omitted). Unlike trademarks—the rights to which existed anterior to acts of the sovereign and were derived from the common law itself—patent rights can be adjudicated in administrative tribunals. Cf. *B & B Hardware, Inc.* v. *Hargis Indus., Inc.*, 135 S. Ct. 1293, 1317 (2015) ("By contrast, the right to adopt and exclusively use a trademark appears to be a private property right that has been long recognized by the common law and the chancery courts of England and of this country. As this Court explained when addressing Congress' first trademark statute, enacted in 1870, the exclusive right to use a trademark was not created by the act of Congress, and does not now depend upon it for its enforcement. The whole system of trade-mark property and the civil remedies for its protection existed long anterior to that act, and have remained in full force since its passage. Thus, it appears that the trademark infringement suit at issue in this case might be of a type that must be decided by Article III judges in Article III courts.") (internal citations and quotations omitted).

Finally, because these are statutorily created public rights, the Seventh Amendment right to a jury trial does not apply. As the Court has held, "when Congress creates new statutory 'public rights,' it may assign their adjudication to an administrative agency

with which a jury trial would be incompatible, without violating the Seventh Amendment's injunction that jury trial is to be 'preserved' in 'suits at common law.'" *Granfinanciera, S.A.* v. *Nordberg*, 492 U.S. 33, 51 (1989). The Court has "emphasized" that "Congress may only deny trials by jury in actions at law * * * in cases where 'public rights' are litigated." *Ibid.* (internal citation and quotations omitted); see also *Atlas Roofing Co.* v. *Occupational Safety & Health Review Comm'n*, 430 U.S. 442, 458 (1977) ("Our prior cases support administrative factfinding in only those situations involving 'public rights,' e. g., where the Government is involved in its sovereign capacity under an otherwise valid statute creating enforceable public rights. Wholly private tort, contract, and property cases, as well as a vast range of other cases as well are not at all implicated.").

CONCLUSION

For the foregoing reasons, the judgment below should be affirmed.

Respectfully submitted,

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OCTOBER 2017